1336/990

Electronic Filing of Federal Tax Returns

Questions and Answers About the IRS Electronic Filing Program

ELECTRONIC TAX FILING

T22.44/2:

Department of the Treasury
Internal Revenue Service
Publication 1336 (Rev. 10-90)
Cat. No. 64337G

READEX FICHE
best copy available

What is Electronic Filing?

Electronic filing is a method by which qualified electronic filers transmit tax return information over telphone lines directly to an IRS computer located at IRS centers.

What are the advantages of Electronic Filing?

Electronic filing offers advantages for taxpayers, tax practitioners and the government alike:

For taxpayers, tax returns are processed fast and accurately. Processing time is reduced by as much as three weeks, and refunds can be mailed or deposited by Direct Deposit quickly.

For tax practitioners- IRS acknowledges receipt of return information within 48 hours from the time the return is transmitted. Special codes identify errors so they can be corrected and re-transmitted in minimal time and expense.

-clients can be offered a special service.

For the government, costs for processing, storage and retrieval of tax returns is reduced.

What are the qualifications to be an Electronic Filer?

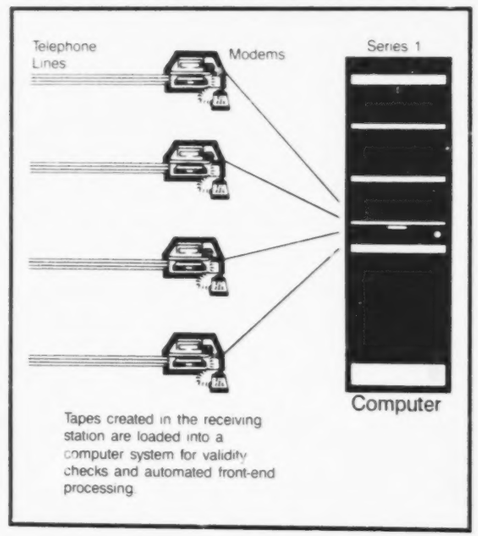
Electronic filers must have communications experience and equipment to transmit returns electronically to the IRS or be associated with another firm that has these capabilities. Applicants must comply with IRS acceptance requirements for electronic filing, including a qualifications check.

Is it necessary to be an electronic filer to participate?

You can participate in electronic filing without having to transmit return by using a third party to transmit returns for you. To participate, however, you must apply and be accepted into the electronic filing program by IRS.

Why do electronic returns have fewer errors than paper returns?

Error rates for electronic returns are lower because the computer programs which prepare the returns contain checks to eliminate some errors. Also, programs in the electronic filing system validate the data on electronic returns. If any errors are detected, the return is identified



Tapes created in the receiving station are loaded into a computer system for validity checks and automated front-end processing.

for the transmitter for correction and re-transmission to the IRS center.

Are special computers needed to participate?

No. Most computers can be adapted to file returns electronically. Returns may be transmitted over the Public Switched Telephone Network using a 4800 BPS Bell 208B compatible modem. If they choose, return transmitters may also provide their own leased 9600 BPS data lines. Transmitters who wish to obtain leased 9600 BPS data lines must write to:

Chief, Systems Development Branch

Room 6449 ARFB R:E:S

1111 Constitution Avenue, N.W.

Washington, D.C. 20224

Data Communications Requirements:

1. Character code must be Extended Binary Coded Decimal Interchange Code (EBCDIC) or American Standard Code for Information Interchange ASCII).

2. Communications protocol must be IBM 3780 bi-synchronous (BSC) for the 4800 BPS transmitters. Transmitters with the 9600 BPS leased lines may use IBM 3780 BSC or the CCITT's Packet-Switching Network Interface Standard X.25.

GET DIRECT DEPOSIT

Is software available for preparing Electronic Returns?

The IRS does not provide software programs. Programs are developed from specifications provided by IRS. There are commercially available software packages.

Are there any fees connected with this service?

The IRS does not charge a fee for electronic filing. Some electronic filers charge an additional fee for providing this service to their clients. When a fee is charged, however, it cannot be based on the amount of the refund.

What forms can be filed electronically?

Most commonly used individual federal tax forms and schedules can be filed electronically. Forms 1040EZ, 1040A and Form 1040 can be filed, including the following schedules: A,B, C, D, E, F, R and SE, as well as Forms W-2, W-2P, W-2G, 2106, 2119, 2210, 2210F, 2441, 3903, 4136, 4137, 4255, 4562, 4684, 4797, 4835, 5329, 6198, 6251, 6252, 8283, 8582, and 8606.

How does the IRS handle signature requirements and Forms W-2?

Taxpayers must sign Form 8453, *U.S. Individual Income Tax Declaration for Electronic Filing.* Both spouses' signatures are required for joint returns. Forms W-2 are sent to IRS with the Form 8453. Form 8453 also gives the taxpayer the Direct Deposit option.

What is Direct Deposit?

Taxpayers may choose to have the Treasury Department deposit their refunds into their

personal savings or checking accounts by electronic funds transfer. Any Federal or State chartered bank, savings and loan association, mutual savings bank, credit union or similar institution can be designated to receive a Direct Deposit provided the taxpayer has an account at that institution.* The deposited refund will be reflected in the account balance, but taxpayers will not receive a notice of the Direct Deposit.

Is an electronically filed return more likely to be audited?

No. Once processed, electronically filed returns are treated the same as any other return for examination purposes.

Are there other returns that can be filed electronically?

Yes. As a test, during 1991, certain IRS districts** will accept individual returns which show tax due. Also, IRS has magnetic media/electronic filing programs for Form 1041, *U.S. Fiduciary Income Tax Return*, Form 1065, *U.S. Partnership Return of Income*, and Form 5500-C/R, *Return/Report of Employee Benefit Plan*.

For more information about IRS electronic filing and magnetic media filing programs, contact the IRS Electronic Filing Coordinator in your area.

Some financial institutions, including many credit unions, may not accept Direct Deposits into accounts which are "payable through" another bank. Others may have policies against depositing joint refunds into individual accounts.

**In 1991, taxpayers living in Georgia, Indiana, Kentucky, Michigan, Ohio, West Virginia, Iowa, Utah and the state of Washington can file their 1990 "balance due" returns electronically.

Electronic Filing Interest Card

Name

Organization Name (if applicable)

Street

City *State* *Zip Code*

☐ *I would like more information about how to file my return electronically.*

☐ *I would like more information about how to become an electronic return transmitter.*

Complete both sides and mail to the nearest IRS office

Place
Stamp
Here

Return Address *(Please Print)*

Complete both sides and mail to your nearest IRS Office

To: ***Internal Revenue Service***

Attention: Electronic Filing Coordinator